

HOUSE BILL REPORT

SHB 1020

As Amended by the Senate

Title: An act relating to siting electrical transmission under the energy facility site evaluation council.

Brief Description: Regarding electrical transmission.

Sponsors: By House Committee on Technology, Energy & Communications (originally sponsored by Representatives Morris and B. Sullivan).

Brief History:

Committee Activity:

Technology, Energy & Communications: 1/14/05, 1/27/05 [DPS].

Floor Activity:

Passed House: 2/28/05, 93-2.

Senate Amended.

Passed Senate: 4/15/05, 46-0.

Brief Summary of Substitute Bill

- Allows a person developing new transmission in excess of 115 kilovolts to seek site certification through the Energy Facility Site Evaluation Council.
- Provides that, on or after July 1, 2007, Energy Facility Site Evaluation Council must approve applications for siting of new transmission facilities or for expanding or reconstructing existing transmission facilities in corridors designated for these facilities by a county or city comprehensive land use plan when the county or city has taken certain steps.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Morris, Chair; Kilmer, Vice Chair; Crouse, Ranking Minority Member; Ericks, Haler, Hudgins, Nixon, P. Sullivan, Sump, Takko and Wallace.

Staff: Sarah Dylag (786-7109).

Background:

EFSEC Licensing

The Energy Facility Site Evaluation Council (EFSEC) was created in 1970 to provide one-stop licensing for large energy projects. The EFSEC's membership includes mandatory representation from five state agencies and discretionary representation from four additional state agencies. The EFSEC's membership may include representatives from the particular city, county, or port district where potential projects may be located.

The EFSEC's jurisdiction includes the siting of large intrastate natural gas and petroleum pipelines, electric power plants above 350 megawatts, new oil refineries, large expansions of existing facilities, and underground natural gas storage fields. For electric power plants, the EFSEC's jurisdiction extends to those associated facilities that include new transmission lines that operate in excess of 200 kilovolts and are necessary to connect the plant to the Northwest power grid. Developers of energy facilities that exclusively use alternative energy resources, regardless of the size of the facility's generation capacity, may choose to use the EFSEC process to site the facility.

The EFSEC siting process generally involves six steps: (1) a potential site study followed by an application; (2) State Environmental Policy Act review; (3) review for consistency with applicable local land use laws and plans; (4) a formal adjudication on all issues related to the project; (5) certain air and water pollution discharge permitting reviews as delegated by the U.S. Environmental Protection Agency; and (6) a recommendation to the Governor who then decides whether to accept, reject, or remand the application. A certification agreement approved by the Governor preempts any other state or local regulation concerning the location, construction, and operational conditions of an energy facility.

Under the EFSEC process, the applicant is required to pay the costs of the Council in processing an application.

County and City Growth Management

Under the Growth Management Act, certain counties and cities must develop comprehensive land use plans outlining the coordinated land use policy of the county or city. The comprehensive land use planning process includes adopting development regulations, such as zoning ordinances, critical areas ordinances, and binding site plan ordinances.

Summary of Substitute Bill:

A person or entity developing new transmission lines or expanding or reconstructing existing transmission lines that operate in excess of 115 kilovolts may use the EFSEC process to obtain siting approval for the transmission lines.

The EFSEC's jurisdiction over transmission is effective July 1, 2007 in counties and cities that have not, prior to an applicant submitting an application to the EFSEC, identified corridors for electrical transmission pursuant to statutory or local land use planning requirements.

On or after July 1, 2007, the EFSEC must approve applications for siting of new transmission facilities or for expanding or reconstructing existing transmission facilities in corridors

designated for this purpose by cities or counties pursuant to statutory or local land use planning requirements.

EFFECT OF SENATE AMENDMENT(S):

Removes the entire text of Substitute House Bill 1020.

Creates an interconnection technical advisory work group. The group must establish majority agreement, by August 20, 2006, on recommendations to the Legislature on issues related to interconnection.

A cost recovery incentive payment is established for any individual, business, or local governmental entity for each kilowatt-hour from a customer-generated electricity renewable energy system installed on its property. That rate is adjusted based on where the equipment or components were manufactured. Each light and power business is allowed a credit against its public utility tax for incentive payments paid to applicants.

The business and occupations (B&O) tax rate is established for manufacturers of solar modules and manufactures of silicon components for those solar systems. Tax incentives are also established for the solar module manufacturing industry, including the manufacture of silicon components for those solar systems. The provisions are targeted to rural areas of the state, defined as counties with population density of four persons or less. The incentives include: a sales tax exemption for construction of new buildings; a use tax exemption for personal property incorporated into the project; a B&O job tax credit of \$3000 for each full-time position; and a property tax exemption on machinery & equipment.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: (In support of original bill) The issue of availability of new transmission and siting of that transmission is a growing issue. The availability of new transmission is a problem in the Western United States and in Washington. The need for new transmission is growing and transmission is integral to delivering generation where it is needed. In addition, those that are building most of the transmission now have eminent domain authority. In the future, there will be more merchant development of transmission that is privately financed and will not have eminent domain authority. The bill will facilitate siting of merchant built lines. Giving the EFSEC this jurisdiction is a tool for entities working to accommodate growth in the state.

The intent of the bill is also to give local jurisdictions time and the option to site new transmission corridors within their jurisdiction and, if the local jurisdictions do not do so by July 1, 2007, then the EFSEC would have jurisdiction.

There is concern regarding clarifying when and where the EFSEC has jurisdiction and the relationship of that jurisdiction to the requirements of the Growth Management Act.

Testimony Against: (With concerns to original bill) There are concerns about the impact this might have on local jurisdictions that might site transmission. First, the bill requires cities and counties to amend their comprehensive plans and not all cities and counties are required to do a comprehensive land use plan. In addition, there is cost associated with amendment comprehensive plans. There is also concern that it is an expensive and lengthy process for counties and cities to go through the siting process on their own. The bill would force cities and counties to either accept a developer's application or to go through the expensive and lengthy process on their own.

Persons Testifying: (In support of original bill) Representative Morris, prime sponsor.

(With concerns to original bill) Kathleen Collins, PacifiCorp; Scott Merriman, Association of Counties; Victoria Lincoln, Association of Washington Cities; and Mike Tracey, Puget Sound Energy.

Persons Signed In To Testify But Not Testifying: None.